

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01 SAJ-01

IO-14 CU-05 DRC-01 /189 W
----- 103061

R 111325Z SEP 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4953

INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION BERLIN

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

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E.O.11652: N/A

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TAGS: ELAB, GW

SUBJECT: UNEMPLOYMENT TRENDS CONTINUE

REF. BONN 12878, 11165

.. SUMMARY. FOLLOWING THE TREND ESTABLISHED IN LATE 1973, THE NUMBER OF UNEMPLOYED CONTINUES TO RISE AND IN AUGUST REACHED 521,100, 2.3 PERCENT OF THE LABOR FORCE. THOSE ESPECIALLY AFFECTED REMAIN OFFICE WORKERS, EMPLOYEES IN THE METAL AND BUILDING INDUSTRIES AND WOMEN. THE HEAD OF THE FEDERAL EMPLOYMENT SERVICE ATTRIBUTES RISING UNEMPLOYMENT TO RELUCTANCE OF GERMANS TO CONSUME, DECREASED AUTOMOBILE SALES AND RELUCTANCE OF EMPLOYERS TO MAKE NEW INVESTMENTS. END SUMMARY.

2. THE NUMBER OF UNEMPLOYED FOREIGN WORKERS ROSE TO 50,600, BUT AT 2 PERCENT THE RATE OF UNEMPLOYMENT REMAINS LOWER FOR FOREIGN WORKERS THAN FOR THE LABOR FORCE AS A WHOLE.

3. THE NUMBER OF EMPLOYEES IN SHORT-TIME WORK DECLINED TO 105,000, ALMOST 1/3 OF WHOM ARE IN THE AUTOMOBILE INDUSTRY.

4. ACCOMPANYING THE RISE IN UNEMPLOYMENT IS A SHARP DROP IN JOB OPENINGS, NOW LISTED AT 339,100.

5. THERE HAVE ALSO BEEN SEVERAL NEW DEVELOPMENTS IN THE LABOR MARKET. HIGH UNEMPLOYMENT AMONG ACADEMICS AND TECHNICAL PERSONNEL HAS ATTRACTED CONSIDERABLE ATTENTION. DER SPIEGEL, IN A MAJOR ARTICLE, NOTED THAT 14,000 GRADUATES OF HIGH SCHOOLS AND TECHNICAL SCHOOLS, INCLUDING 5,000 ENGINEERS, WERE OUT OF WORK. APPRENTICESHIP OPENINGS HAVE BEEN DECLINING FOR SEVERAL YEARS, AND NOW AN ESTIMATED 100,000 YOUTH CANNOT FIND POSITIONS IN WHICH TO BEGIN THEIR VOCATIONAL EDUCATION. NORTH RHINE-WESTPHALIA, THE MOST POPULOUS AND HEAVILY INDUSTRIALIZED LAND, WHERE UNEMPLOYMENT HAS ALWAYS BEEN LOW, HAS NOW JOINED SEVERAL LESS INDUSTRIALIZED LAENDER WITH AN UNEMPLOYMENT RATE OF 2.8 PERCENT. WITHIN NORTH RHINE-WESTPHALIA UNEMPLOYMENT HAS REACHED 3.3 PERCENT IN THE UNCLASSIFIED

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RUHR AREA AND 5.2 PERCENT IN THE CITY OF GELSENKIRCHEN. (THE LAND WITH THE LOWEST RATE OF UNEMPLOYMENT CONTINUES TO BE BADEN-WUERTTEMBERG WITH 1.4 PERCENT).

6. ALTHOUGH UNEMPLOYMENT STATISTICS HAVE RECEIVED EXTENSIVE TREATMENT IN THE PRESS, REACTION CONTINUES TO

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BE RESTRAINED BECAUSE MOST GERMANS SUPPORT THE GOVERNMENT'S POLICY OF TOLERATING RISING UNEMPLOYMENT IN ITS FIGHT TO HOLD THE LINE AGAINST INFLATION. UNION SPOKESMEN CONTINUE TO OMIT THEIR RESPONSE TO PERFUNCTORV CALLS FOR THE GOVERNMENT TO EASE CREDIT RESTRICTIONS AND TO STIMULATE THE ECONOMY ON A SELECTIVE BASIS. THE REACTIONS OF CDU LEADERS INCLUDE LOW-KEY CRITICISMS OF THE GOVERNMENT FOR FAILING TO RESTORE CONFIDENCE IN THE ECONOMY. THEY SAY THAT UNCERTAINTIES OVER THE FUTURE OF MITBESTIMMUNQ, VERMOEQENSBIIDUNQ#AND THE REFORM OF VOCATIONAL EDUCATION TEND TO DISCOURAGE EMPLOYERS FROM INVESTING. CDU VICE CHAIRMAN STOLTENBERG HAS ALSO CALLED FOR IMMEDIATE HELP TO INDUSTRIES IN HARD PRESSED AREAS.

7. GOVERNMENT LEADERS CONTINUE TO MAINTAIN THAT THE SITUATION DOES NOT JUSTIFY A BASIC CHANGE OF ECONOMIC POLICY AND CAUTION AGAINST OVERDRAMATIZATION OF CURRENT UNEMPLOYMENT STATISTICS. CHANCELLOR SCHMIDT AND LABOR MINISTER ARENDT, IN DEFENDING THE GOVERNMENT'S RELUCTANCE TO STIMULATE THE ECONOMY IN ORDER TO CREATE JOBS- HAVE MAINTAINED THAT OF THOSE LISTED AS UNEMPLOYED ONLY HALF ARE ACTUALLY AVAILABLE FOR WORK.

COMMENT. FOR THE GOVERNMENT, THE RECENT LEVEL OF UNEMPLOYMENT IS PRESUMABLY MORE ACCEPTABLE POLITICALLY AT THIS TIME THAN THE INTRODUCTION OF MEASURES WHICH COULD CONTRIBUTE TO INFLATION, SINCE INFLATION BURDENS FAR MORE VOTERS THAN THE CURRENT LEVEL OF UNEMPLOYMENT. HOWEVER RISING UNEMPLOYMENT IN POLITICALLY CRUCIAL NORTH RHINE-WESTPHALIA, NOW LED BY THE SPD-FDP, ALONG WITH OTHER FACTORS, MAY PROVIDE A STRONG MOTIVATION FOR THE GOVERNMENT TO REVISE ITS PRIORITIES AS IT APPROACHES THE NORTH RHINE-WESTPHALIA ELECTIONS IN THE SPRING OF 1975.
END COMMENT
HILLENBRAND

NOTE BY OC/T: #AS RECEIVED

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